

## **Assembly Bill No. 1341**

### **CHAPTER 442**

An act relating to taxation, to take effect immediately, tax levy.

[Approved by Governor September 29, 2010. Filed with  
Secretary of State September 29, 2010.]

#### **LEGISLATIVE COUNSEL'S DIGEST**

AB 1341, Bonnie Lowenthal. Property taxation: possessory interests: Long Beach Courthouse.

Existing property tax law requires that all property subject to tax be assessed at its full value, and includes certain possessory interests among those property interests subject to tax. Existing property tax law defines a taxable possessory interest to be a use that is independent, durable, and exclusive.

This bill would provide that, for purposes of the definition of a taxable possessory interest, a possession or use is not independent if it is pursuant to a project agreement and related agreements entered into by the Judicial Council with a nongovernmental entity, as specified, for the purpose of replacing the Long Beach Courthouse, if specified criteria are met.

This bill would make legislative findings and declarations as to the necessity of a special statute.

Section 2229 of the Revenue and Taxation Code requires the Legislature to reimburse local agencies annually for certain property tax revenues lost as a result of any exemption or classification of property for purposes of ad valorem property taxation.

This bill would provide that, notwithstanding Section 2229 of the Revenue and Taxation Code, no appropriation is made and the state shall not reimburse local agencies for property tax revenues lost by them pursuant to the bill.

This bill would take effect immediately as a tax levy.

*The people of the State of California do enact as follows:*

**SECTION 1.** The Legislature finds and declares all of the following:

(a) The existing courthouse located on 415 West Ocean Boulevard in the City of Long Beach is in unsatisfactory physical condition, is a potential public safety risk to court staff and the public, and is in need of immediate replacement.

(b) This act is intended to expedite the facility's replacement by resolving a disputed property tax issue that could potentially delay the replacement

project and add an element of unpredictable financial risk to the project's public sponsor.

(c) It is the intent of the Legislature in enacting this act to provide legislative direction to county assessors, the State Board of Equalization, the courts, and other involved parties regarding the interpretation of the term "independent" as it relates to the Long Beach Courthouse.

SEC. 2. (a) For purposes of paragraph (1) of subdivision (a) of Section 107 of the Revenue and Taxation Code, there is no independent possession or use of land or improvements if that possession or use is pursuant to a project agreement and related agreements entered into by the Judicial Council with a nongovernmental entity in accordance with Section 70391.5 of the Government Code for the purpose of replacing the Long Beach Courthouse, if all of the following criteria are met:

(1) The nongovernmental entity is required to design, build, finance, operate, and maintain the Long Beach Courthouse.

(2) The Judicial Council establishes performance expectations and benchmark criteria for the court facility proposal in accordance with Section 70391.5 of the Government Code that serve as the basis for the selection of the nongovernmental entity.

(3) The Judicial Council and other governmental entities have exclusive use and control of the Long Beach Courthouse land and improvements for court and related activities for a term of 35 years.

(4) The Judicial Council holds title to the land and improvements of the Long Beach Courthouse.

(5) The nongovernmental entity is not treated as the owner of the improvements of the Long Beach Courthouse for any purpose, including federal income tax purposes, and does not take as a deduction any depreciation on the improvements.

(6) Any lease-leaseback of land and improvements of the Long Beach Courthouse with the nongovernmental entity is solely for the purpose of providing security for the payment by the Judicial Council of the service fee for services provided by the nongovernmental entity in connection with a court facility.

(b) This section shall not apply to any lease of, or improvements to, the Long Beach Courthouse by the Judicial Council with a nongovernmental entity to the extent the land or improvements are used by the nongovernmental entity as commercial office space, retail space, or paid parking spaces not designated for use for governmental purposes or court facilities.

SEC. 3. The Legislature finds and declares that a special law is necessary and that a general law cannot be made applicable within the meaning of Section 16 of Article IV of the California Constitution because of the need to resolve the property tax issues potentially delaying the Long Beach Courthouse replacement project and to mitigate the attendant risks of that delay to the citizens of the County of Los Angeles and the State of California.

SEC. 4. Notwithstanding Section 2229 of the Revenue and Taxation Code, no appropriation is made by this act and the state shall not reimburse any local agency for any property tax revenue lost by it pursuant to this act.

SEC. 5. This act provides for a tax levy within the meaning of Article IV of the Constitution and shall go into immediate effect.

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